BACKGROUNDER NO. 5-5452 JANUARY 17, 1978
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NATIONS NEGOTIATE FOR FREER TRADE

ANNCR:

THE UNITED STATES AND NEARLY ONE-HUNDRED OTHER NATIONS FACE A CRUCIAL ECONOMIC CHALLENGE IN GENEVA AT THE TRADE LIBERALIZATION TALKS. VOA BUSINESS AND ECONOMICS EDITOR FRANK FEINBERG HAS THIS BACKGROUND REPORT:

VOICE:

THE UNITED STATES, JAPAN, EUROPEAN COUNTRIES AND OTHER PARTICIPATING IN THE GENEVA TRADE TALKS WILL ATTEMPT TO NEGOTIATE BY THE END OF AUGUST A WIDE-RANGE OF TARIFF CUTS AND REMOVAL OF OTHER TRADE OBSTACLES. THE CURRENT NEGOTIATIONS ACTUALLY ARE A CONTINUATION OF TALKS INITIATED IN 1973 BY THE GENERAL AGREEMENT ON TARIFFS AND TRADE -- GATT. THE MULTI-NATIONAL NEGOTIATIONS HAVE MOVED AT A VERY SLOW PACE. BUT NOW, THERE SEEMS TO BE INCREASED REALIZATION BY PARTICIPANTS OF THE ECONOMIC AND POLITICAL IMPORTANCE OF THESE NEGOTIATIONS.

THE CARTER ADMINISTRATION HAS SAID IT WILL WORK TO ACHIEVE SIGNIFICANT GOALS AT THE GENEVA NEGOTIATIONS. ROBERT STRAUSS, THE U.S. SPECIAL TRADE REPRESENATIVE, IS EXPECTED IN GENEVA NEXT WEEK (23RD) TO LEND HIS SUPPORT. AT THE JUST CONCLUDED BI-LATERAL TRADE TALKS IN TOKYO, JAPAN AND THE UNITED STATES PLEDGED THEIR CO--OPERATION IN ADVANCING THE GATT NEGOTIATIONS, WHICH HAVE ENTERED A DECISIVE PHASE.

THE PARTICIPANTS AT THE GENEVA CONFERENCE HAVE PREPARED SPECIFIC PROPOSALS TO FACILITATE THE FREER FLOW OF BOTH AGRICULTURAL AND MANUFACTURED GOODS. THE GENERAL GOAL IS TO REALIZE -- OVER AN EIGHT-YEAR PERIOD -- CUTS OF UP TO FORTY PER CENT ON A MAJORITY OF MAJOR ITEMS TRADED BY NATIONS. THE CUTS WOULD AVERAGE FIVE PER CENT ANNUALLY.

DURING THE PAST SEVERAL YEARS PROTECTIONIST ATTITUDES HAVE GROWN, STIMULATED BY SLUGGISH ECONOMIES, INFLATION, IMPORT COMPETITION, AND HEAVIER THAN NORMAL UNEMPLOYMENT. AND THERE ARE MISGIVINGS AMONG TRADE EXPERTS THAT DOMESTIC ECONOMIC PRESSURES COULD, IN SOME CASES, ERECT OBSTACLES AGAINST EFFORTS TO MAKE MORE PROGRESS IN REMOVING RESTRICTIVE TRADE PRACTICES. THE FREER TRADE EXPONENTS ARE EMPHATIC ON THE NEED TO ENGLARGE THE WORLD ECONOMY ... NOT TO COMPRESS IT.

THE UNITED STATES AND JAPAN CONCLUDED AN GREEMENT IN THEIR TOKYO TALKS THAT IS REGARDED AS POSITIVE IN IMPROVING TRADE RELATIONS BETWEEN THEM. AND OBSERVERS ARE HOPEFUL THAT THIS SAME APPROACH WILL CARRY OVER TO THE GENEVA NEGOTIATIONS.

JS/PBM